

**OPENING STATEMENT  
CONGRESSMAN JOHN M. McHUGH  
CHAIRMAN  
SPECIAL PANEL ON POSTAL REFORM & OVERSIGHT**

**11 FEBRUARY 2004**

Good afternoon. The Special Panel's hearing will come to order.

Today's hearing marks the final installment of three Panel sessions that we have held in the past two weeks. We are examining the President's call for postal reform, which he made in December and reiterated again in his Budget that was presented to the Congress on February 2<sup>nd</sup>.

I welcome today two esteemed panels of CEOs representing the views of customers, competitors, and postal reliant businesses. We've said it before and we'll say it again – and certainly our witnesses know it all too well – that the Postal Service is the center of a nearly \$900 billion industry, employing 9 million workers nationwide, and representing more than 8 percent of the Gross Domestic Product. Our Postal

Service is in trouble and requires legislation to preserve universal service and prevent a worsening crisis.

Last week we heard unanimous support from the Postal Service employee groups for the Administration's broad principles on postal reform. Two weeks ago, the Postal Service itself, the Administration, the Rate Commission, and GAO testified that universal postal service is at risk and that reform is needed to minimize the danger of a significant taxpayer bailout or dramatic postal rate increases. All agreed that *the Postal Service's current business model is not sustainable going into the 21<sup>st</sup> Century.*

To understand the challenges, one simply needs to read the testimony we received regarding the enormous liabilities still facing the Postal Service, the serious declines in mail volume and revenue, changes in the mail mix, increased competition from private delivery companies, declining capital investment, insufficient increases in postal productivity, uncertain funding for emergency preparedness, and major impediments to continued cost cutting.

While the problems are dire, the President's principles for legislative change show us the path to some solutions. Fortunately, there exists a strong bipartisan basis upon which to proceed – including the well-refined bill that we developed in the last Congress with Representatives Davis, Waxman, and Burton. Senator Carper has introduced an almost identical version of our legislation in the Senate.

The Postal Service is too important an institution to our economy to await the full brunt of the crisis

that is clearly upon our doorstep. Indeed, there is good reason why this is the first Administration since President Nixon's to call on Congress to modernize our nation's postal laws. I remain hopeful that as Congress did in 1970, we too in 2004 will answer the President's charge.

I would like to thank all of our witnesses for appearing before the Committee, and I look forward to their testimony.

The witnesses include longstanding partners in our efforts at postal reform: Mike Critelli at Pitney Bowes, who has done yeomen's work in creating a "Mailing Industry CEO Council"; Ann Moore at Time; Bill Davis from RR Donnelly; Nigel Morris of Capital One.

In particular, I especially want to welcome Fred Smith from FedEx, who was a steadfast partner and supporter throughout our earlier efforts at postal

reform in the mid and late 1990s. As he does with today's testimony, Fred always provides constructive, honest, credible, and reasonable recommendations. Thank you for your longstanding support on this journey.